

Future prospects for regional policy in Europe

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‘Together in Europe’
100 vuotta Suomen kehittämistä
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Context for regional policy in Europe

Challenges	Financial crisis	Economic crisis	Migration crisis
Implications	Economic insecurity	Greater inequality	Concerns about cultural identity
Policy goals	Growth	Solidarity	Security

Context: regional development challenges

Regional economic convergence has resumed

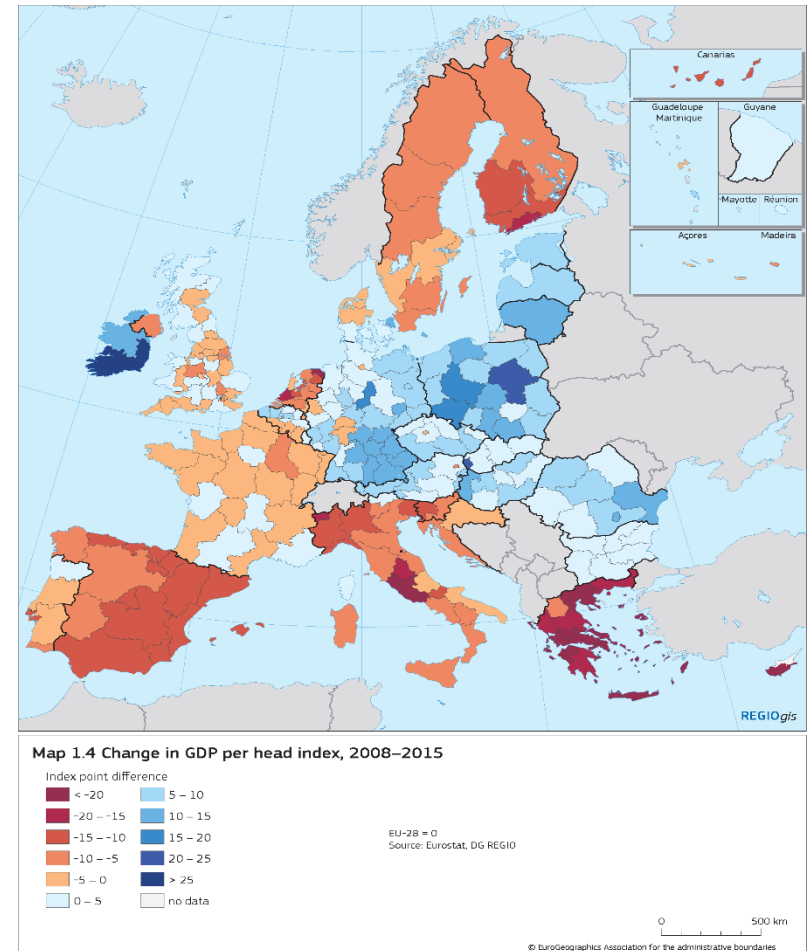
Regional disparities are narrowing, especially in C & E Europe....

.....but not for southern Europe...

and unemployment still above pre-crisis levels - regional disparities still wide

Youth unemployment is very high

Outmigration in C & E Europe

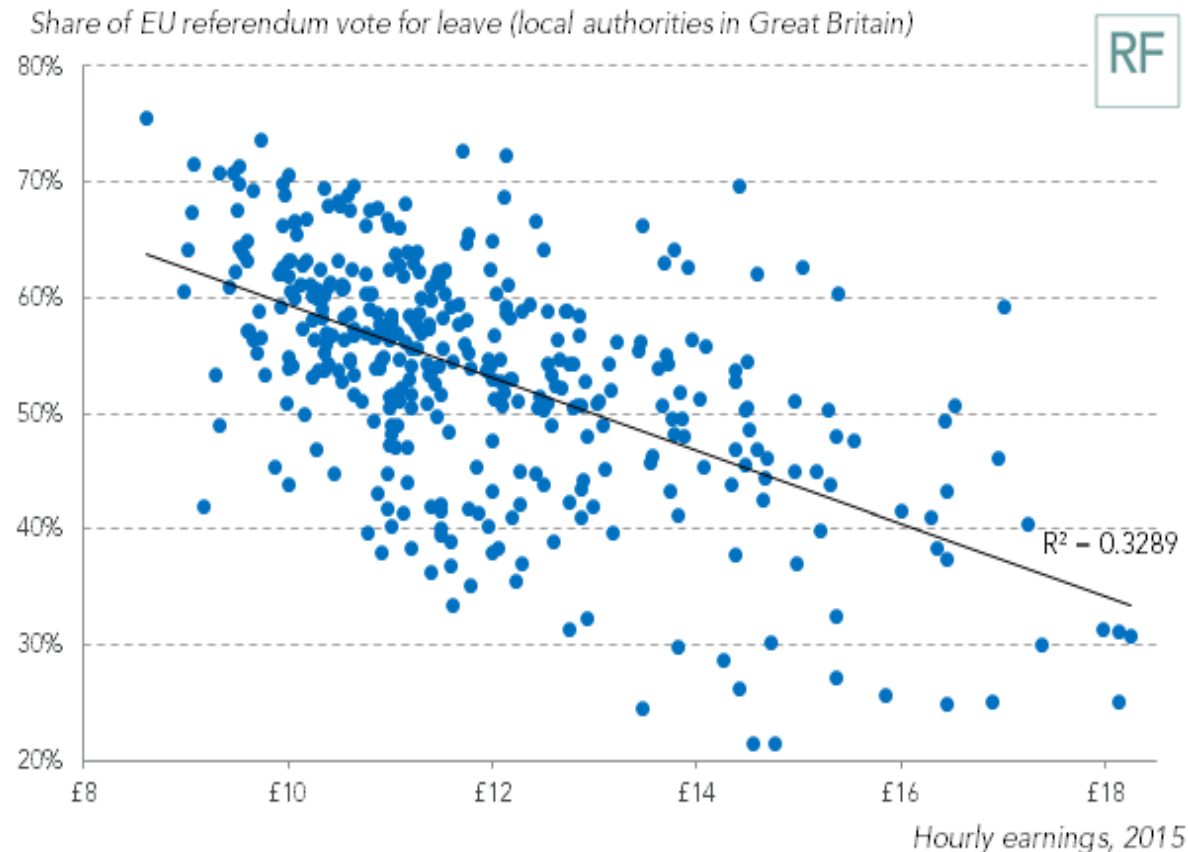


Context: political implications of inequality

Political implications of growing and sustained inequality

- less trust of institutions
- support for populism
- undermining democracy

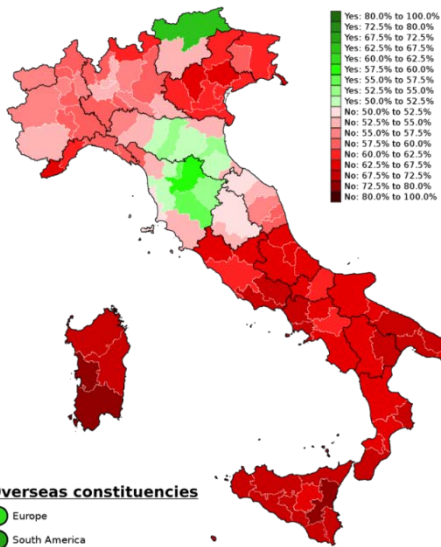
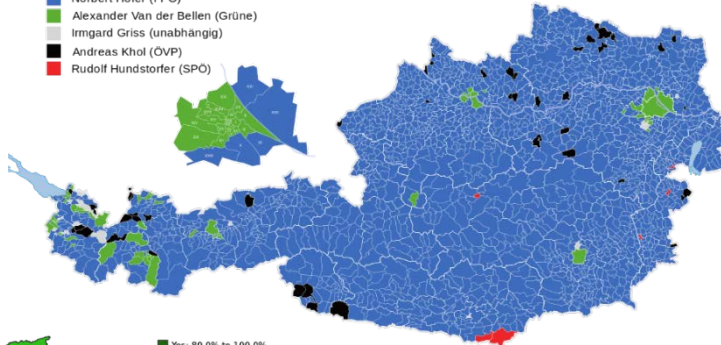
“no-one cares about places like this”



Context: political implications of inequality

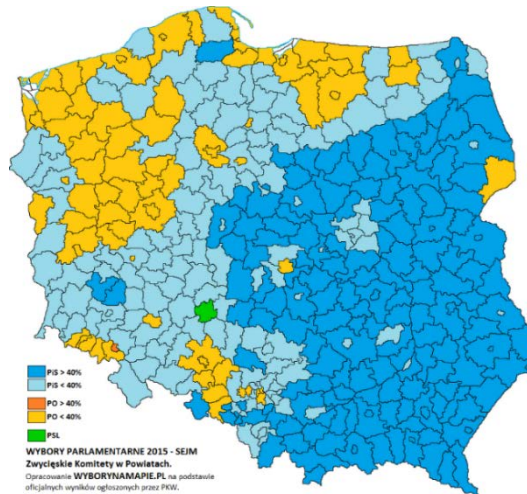
Ergebnisse der Bundespräsidentenwahl am 24. April 2016 (1. Runde): Mehrheiten in den Gemeinden

■ Norbert Hofer (FPÖ)
■ Alexander Van der Bellen (Grüne)
■ Ingrid Griss (unabhängig)
■ Andreas Khol (ÖVP)
■ Rudolf Hundstorfer (SPÖ)



Overseas constituencies

● Europe
● South America
● North and Central America
● Africa, Asia, Oceania, Antarctica

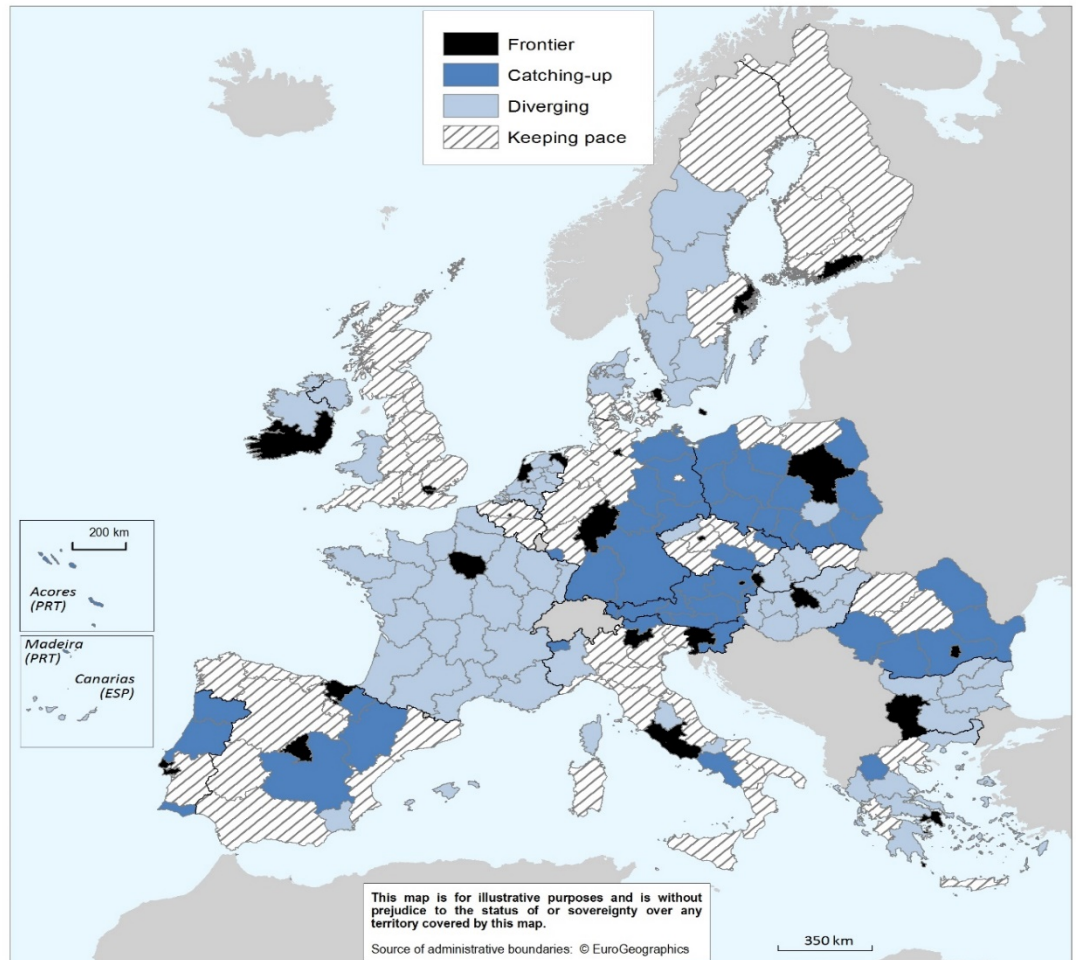


- renewed concern with regional imbalance
- greater recognition of the importance of 'place'
- policy role focusing more on longer term and broader goals (national and EU)
- limited resources

Trends in regional policy

Focus on structural weaknesses of regions in innovation and productivity

- significant differences between frontiers and other regions
- problem is rate of diffusion of innovation



Trends in regional policy

Support for responses to climate adaptation & environmental sustainability – ‘fair and balanced’ transitions to clean energy

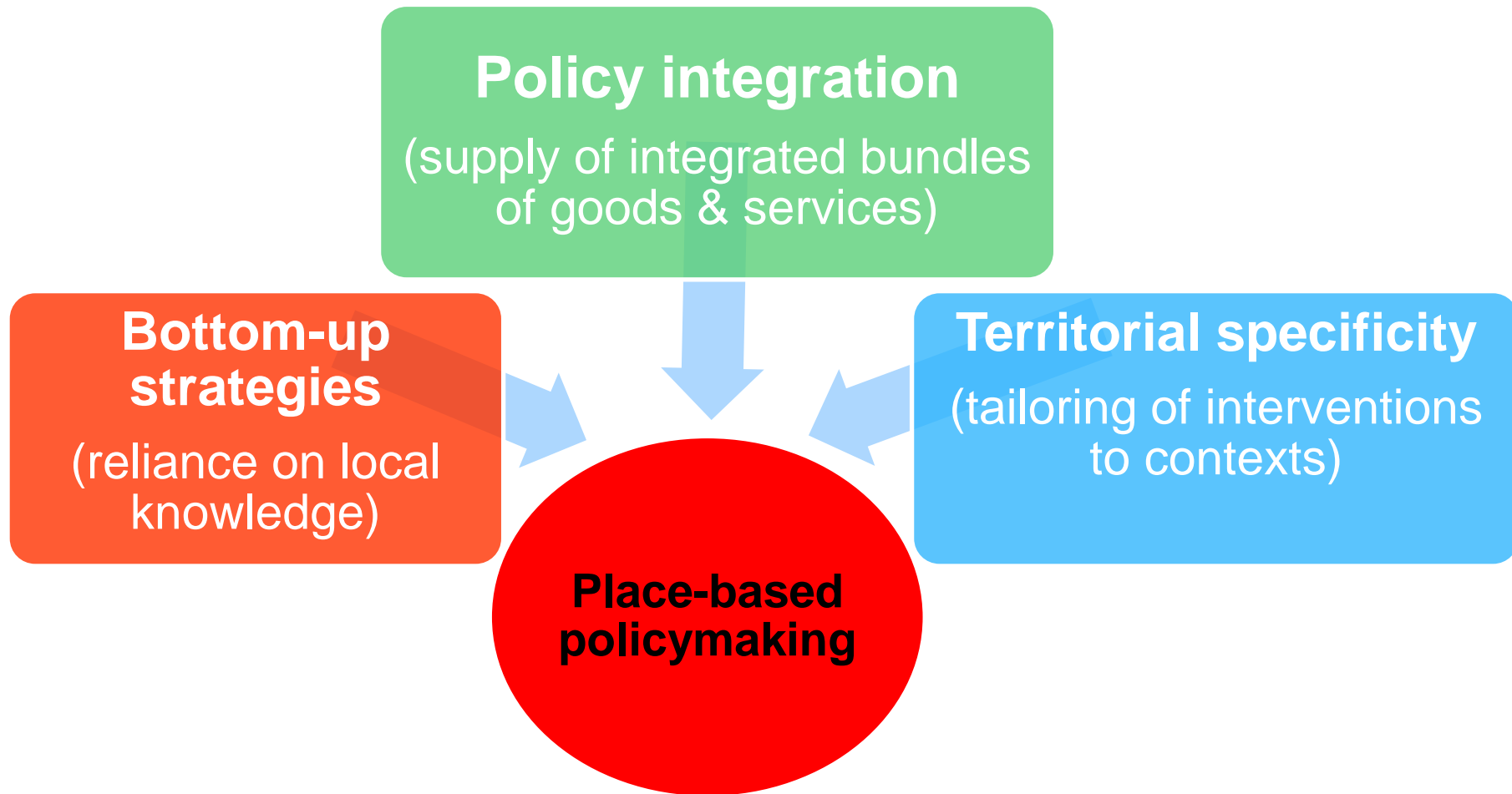


Trends in regional policy

Targeting social exclusion – marginalised communities, integration of migrants, gender equality



Trends in regional policy governance



Future of EU Cohesion policy: strategic context

White Paper on the Future of the EU (March 2017)

SCENARIOS	Carrying On	Doing Less Together	Some Do More	Radical Redesign	Doing Much More Together
PRIORITIES	Current agenda	Focus on single market	Multi-speed policy approach	Focus on high AV priorities	Doing much more
EU BUDGET	Stable	Much lower	Higher	Lower	Much higher
COHESION	Lower share	Lower amount	Lower share	Lower share	Higher

Future of EU Cohesion policy: EC reflections papers - questions



Budget dynamics

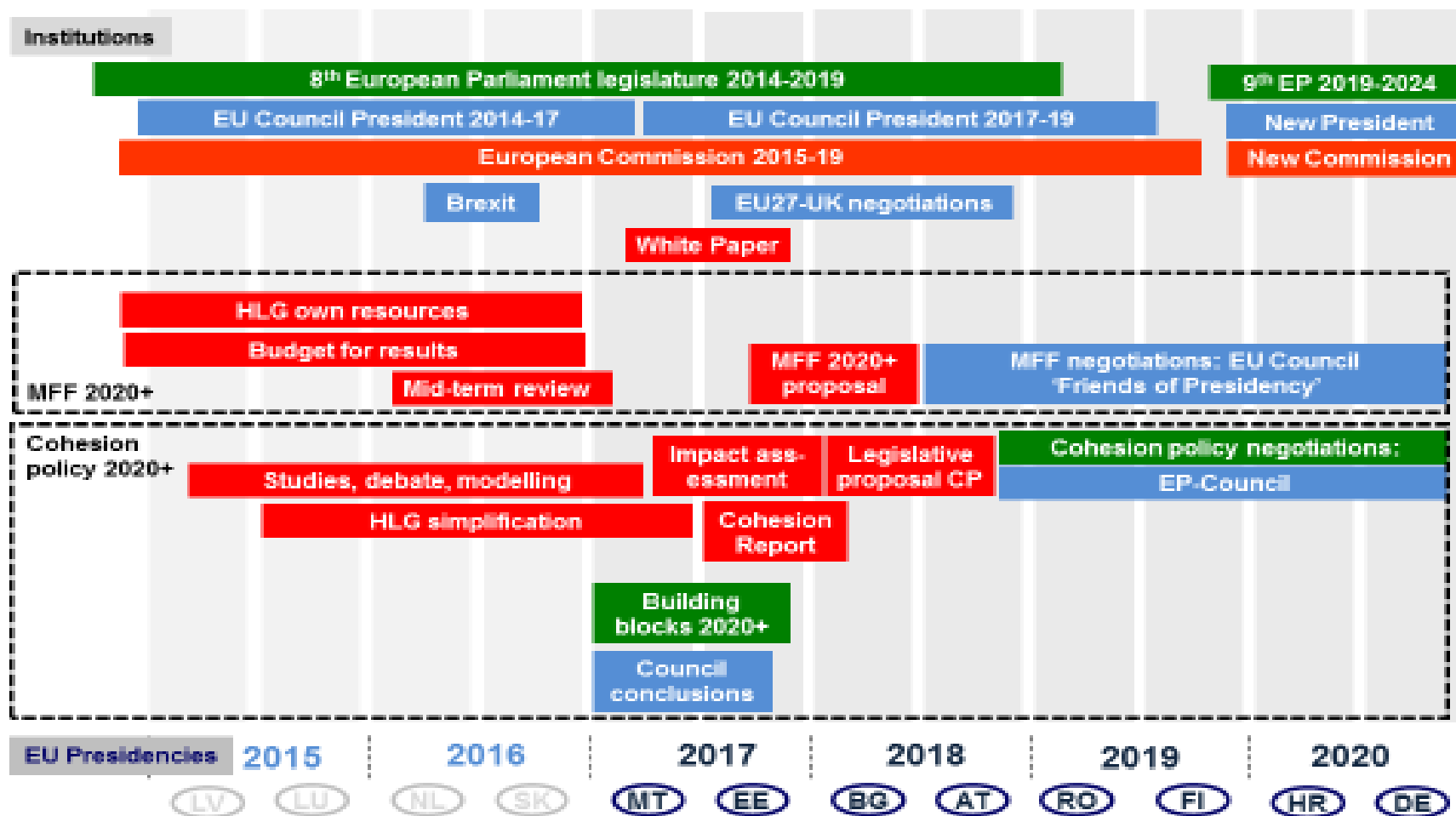
- Brexit budget gap or ‘fresh money’?
- rationalisation or diversion of funding from ESIF?

Cohesion policy issues

- asymmetric approach to convergence?
- alignment with economic governance?
- new budgetary sanctions?
- revision of the Berlin formula?
- different geographical focus?
- faster implementation & stronger capacity?

Future of EU Cohesion policy: reform timetable

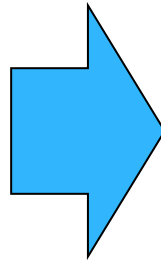
MFF and EU cohesion policy post-2020: inter-institutional agenda



Main themes: EU added value of Cohesion policy

Critical issue in MFF
debate, although
undefined & contested

Key dimensions



Main themes: budgetary flexibility



- Support for additional EU budgetary flexibility to address crises (e.g. migration) outside of Cohesion policy
- Budgetary flexibility within Cohesion policy seems to have limited support among Member States
 - more complexity in practice/additional requirements
 - weakens predictability and long-term programming

Main themes:

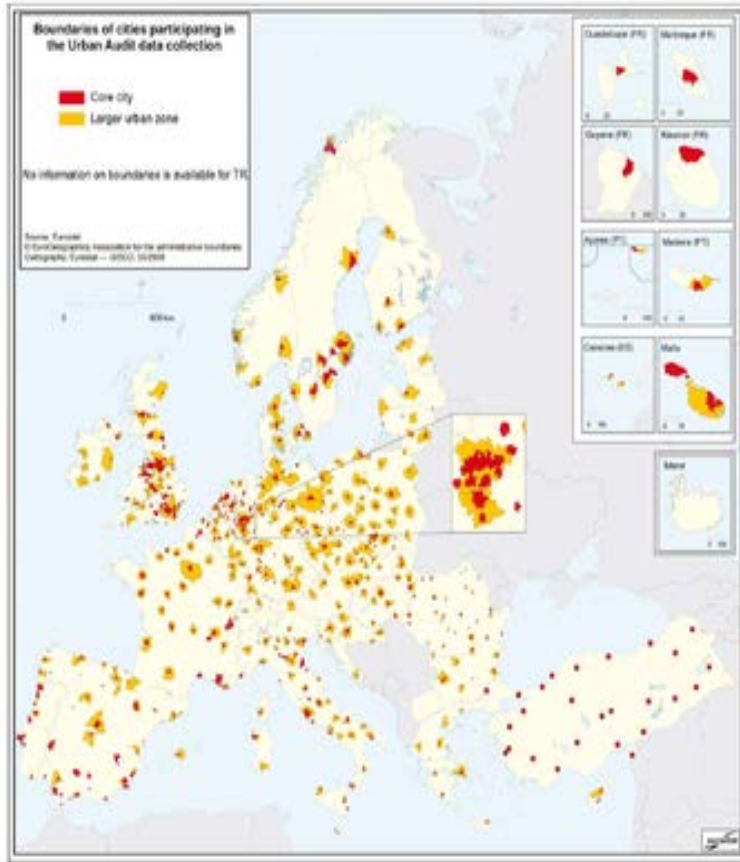
Spatial focus - regions



- impact of economic change & Brexit on eligibility
- renewed discussion of territorial focus of the policy
- precedent is an important constraint esp. Transition Regions category
- limiting ESIF to poorer countries/ regions?
- more selectivity in funding richer regions
 - MDR funding channelled through INTERREG?
 - reintroduction of designated areas?
 - tighter thematic focus?
 - different co-financing?

Main themes:

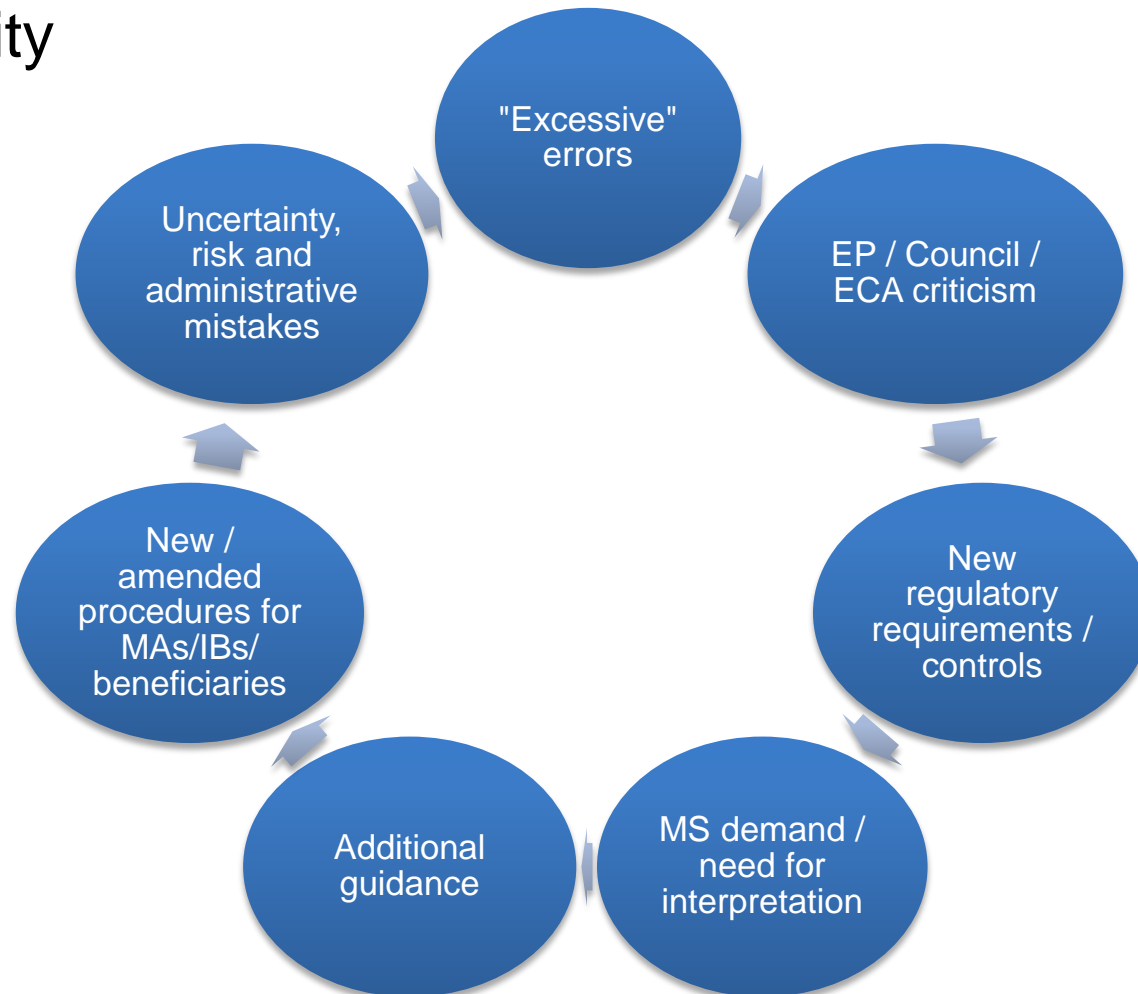
Spatial focus – urban areas



- Pressure for greater priority to be given to urban areas
 - role of urban areas in EU growth
 - EU Agenda for Urban Areas - encourage financial support for cities
 - key EU priorities (poverty, employment) and challenges (integration of migrants)
- Options
 - limit MDR funding to urban areas?
 - expansion of integrated territorial development?

Main themes: Achieving simplification

Major governance challenge – vicious circle of controls and complexity



Main themes: Achieving simplification

- Administrative time and cost of delivery has increased
- CP becoming synonymous with complexity and bureaucracy
- Systemic barriers to change due to budgetary discharge requirements



Final conclusions and
recommendations of the High
Level Group on Simplification
for post 2020



HLG conclusions on simplification

- continue with current systems where functioning well
- streamlined and more effective common set of EU rules
- more concise legislation, focused on the strategic level and principles

Major themes:

Agreeing on scope for differentiation



“Institutional and administrative structures and capacities differ across Member States, and this should be reflected in the delivery system.”

Challenges

- principle of differentiation is not universally accepted
- how to engineer a system that makes a real difference
- finding an acceptable basis for determining differentiation
 - share of national co-financing
 - scale of funding
 - funding relative to investment or population/territory
 - performance (absorption, error rate, outcomes)
 - quality of public administration
 - fulfilment of conditionalities

Main themes:

Economic governance & Cohesion

Strengthen ESIF
and Structural
Reform (CSRs)
links

- Particular interest to some richer MS e.g. Germany
- DG REGIO supportive but wants relationship to be two-way

Opposed by
European
Parliament and
Committee of
Regions

- Compromises cohesion objectives
- Sanctions do not help economic recovery – current debate on ESIF suspensions in ES/PT
- destabilises multi-annual programming

Key questions for reform

- What should be the future rationale for Cohesion policy post-2020?
- Where can it make the most effective contribution?
- What is the most efficient way of implementing the policy?

Thank you for your attention !

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